

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

A281.12
A984F
cf. 2

U. S. DEPARTMENT OF AGRICULTURE • ECONOMIC RESEARCH SERVICE • APRIL 1963 • FCR-11

U. S. DEPT. OF AGRICULTURE
NATION

MAY 8 - 1963

CURRENT

COSTS and RETURNS



**Commercial
Tobacco
Farms**

**Coastal Plain,
North Carolina**

1962

This report is part of a continuing nationwide study of costs and returns on farms and ranches by type and size in some of the important farming regions of the United States, conducted under the general supervision of Wylie D. Goodsell, Farm Production Economics Division, Economic Research Service. Objectives, methodology, procedure, and terms are uniform for all areas covered in the study.

Publications in this series are:

- Costs and Returns, Commercial Dairy Farms, Northeast and Midwest, 1962
- Costs and Returns, Commercial Corn Belt Farms, 1962
- Costs and Returns, Commercial Egg-Producing Farms, New Jersey, 1962
- Costs and Returns, Commercial Broiler Farms, Delmarva and Maine, 1962
- Costs and Returns, Commercial Cotton Farms, 1962
- Costs and Returns, Commercial Tobacco Farms, Coastal Plain, North Carolina, 1962
- Costs and Returns, Commercial Tobacco-Livestock Farms, Bluegrass Area, Kentucky, 1962
- Costs and Returns, Commercial Wheat Farms, Plains and Pacific Northwest, 1962
- Costs and Returns, Western Livestock Ranches, 1962

Summary statistics for all types of farms in the series are presented in the annual report, Farm Costs and Returns, Commercial Farms, by Type, Size, and Location, Agriculture Information Bulletin No. 230, Revised, 1963. In this annual report, information is given for 1962 with comparison with 1961 and 1960, and the period 1957-59.

COSTS AND RETURNS

COMMERCIAL TOBACCO FARMS

COASTAL PLAIN, NORTH CAROLINA, 1962

Owen K. Shugars, Agricultural Economist
Farm Production Economics Division, ERS

Costs and returns are presented for two types of farms producing flue-cured tobacco in the Coastal Plain of North Carolina: (1) Tobacco farms and (2) Tobacco-cotton farms. The information is representative of the predominant types of farms in the Coastal Plain and replaces the series formerly published for this area (table 1 and fig. 1).

The Coastal Plain includes 14 counties in east central North Carolina (fig. 2). In 1961 this area produced approximately 48 percent of the flue-cured tobacco and 37 percent of the cotton produced in North Carolina. Per acre yields of the major crops grown in the Coastal Plain have generally been above State average yields. In the 14 years (1949-1962) for which costs and returns estimates have been made in the Coastal Plain per acre yields of tobacco have been above the State average for 10 years and cotton yields, above for 8 years.

This report deals with farms producing flue-cured tobacco with a total value of farm production between \$2,500 and \$40,000 during the period of study. In 1949 approximately 80 percent of these farms grew both tobacco and cotton according to special tabulations of data from the U.S. Census of Agriculture. In 1954 and 1959 about 70 percent grew both crops. In 1959 there were about 14,400 tobacco-cotton type farms and 6,190 tobacco type farms in this area. Owner-operator units are assumed so that cost and return data can be compared over periods of time and with cost and return data of representative types of farms in other areas. However, the farm organization and crop acreages also reflect renting of land. In 1959, 40 percent of the operators of tobacco farms and 45 percent of the operators of tobacco-cotton farms in this area rented all the land they operated (table 2). Many of the operators classified as part-owners rented only additional acreages of tobacco and/or cotton. Although some of the operators classified as renters operated only cropland, as opposed to renters of whole farms, this classification excludes share-croppers.

Table 1.- Size, organization, and production, tobacco farms, Coastal Plain,
North Carolina, 1961 and 1962

Item	Unit	Tobacco farms		Tobacco-cotton farms	
		1961	1962 1/	1961	1962 1/
Land in farm.....	Acre	94	94	102	102
Cropland harvested.....	do.	35.3	32.4	43.9	42.3
Crops harvested:					
Tobacco.....	do.	8.3	8.7	8.2	8.5
Cotton.....	do.	---	---	7.2	7.7
Corn.....	do.	16.5	14.7	15.4	14.4
Soybeans.....	do.	4.2	4.4	5.5	6.2
Hay.....	do.	1.2	1.2	2.2	1.8
Other crops.....	do.	5.1	3.4	5.4	3.7
Crop yields per harvested acre:					
Tobacco.....	Pound	1,955	1,970	1,955	1,970
Cotton.....	do.	---	---	339	331
Corn.....	Bushel	50	60	50	60
Soybeans.....	do.	23	24	23	24
Hay.....	Ton	1.2	1.0	1.2	1.0
All cattle, Jan. 1.....	Number	1.2	1.2	1.5	1.5
Brood sows.....	do.	1.3	1.3	1.2	1.2
Total farm capital, Jan. 1.....	Dollar	25,250	27,190	27,230	29,250
Land and buildings.....	do.	20,020	21,810	21,730	23,660
Machinery and equipment.....	do.	4,240	4,350	4,480	4,630
Livestock.....	do.	500	510	530	490
Crops.....	do.	490	520	490	470
Total labor used.....	Hour	6,070	6,250	6,840	6,980
Operator and family.....	do.	2,570	2,590	2,740	2,720
Hired.....	do.	3,500	3,660	4,100	4,260

1/ Preliminary.

LOCATION OF TYPES OF FARMS STUDIED

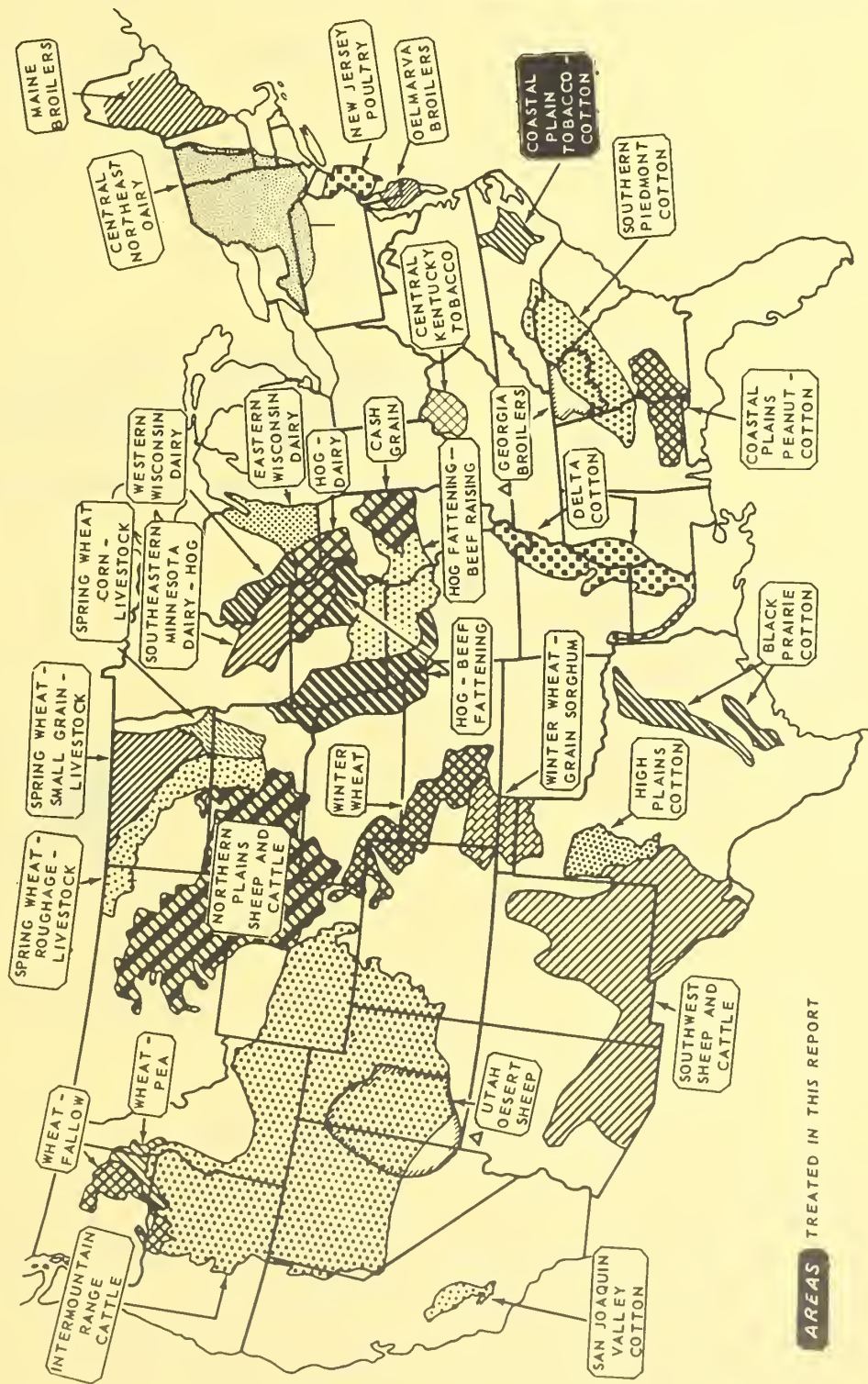


Figure 1

Table 2.--Percentage distribution by tenure, tobacco and tobacco-cotton farms, Coastal Plain, North Carolina, 1959^{1/}

Farm type	Full-owner	Part-owner	Renter	Total
	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
Tobacco.....	29	31	40	100
Tobacco-cotton.....	29	26	45	100

^{1/} U.S. Census of Agriculture, 1959.

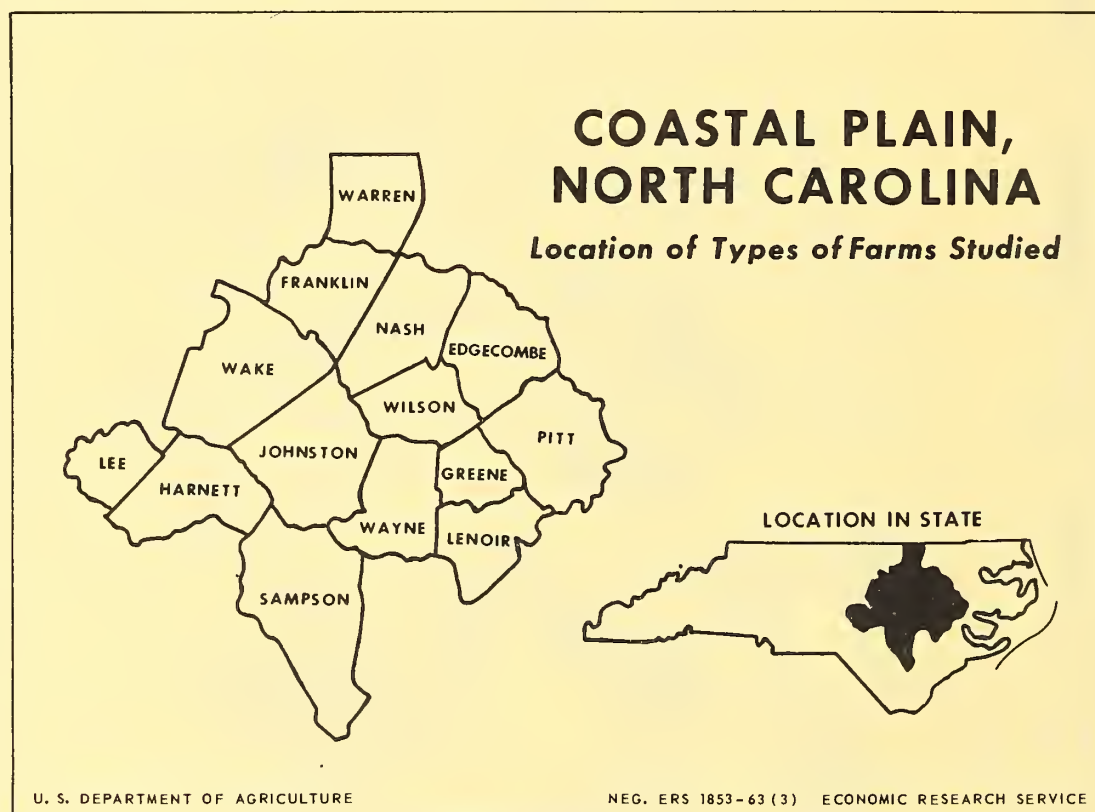


Figure 2

COSTS AND RETURNS, 1962

Tobacco farms

Net farm income in 1962 for typical tobacco farms in the Coastal Plain of North Carolina is estimated at \$6,364 (table 3). This return is nearly 7 percent below the income

for 1961 largely because of higher operating expenses and a decrease of \$5.09 per hundred pounds in the average price received for tobacco.

The average yield of flue-cured tobacco in the Coastal Plain in 1962

Table 3.- Income, costs and returns, tobacco farms, Coastal Plain,
North Carolina, 1961 and 1962

Item	Unit	Tobacco farms		Tobacco-cotton farms	
		1961	1962 1/	1961	1962 1/
Gross farm income.....	Dollar	12,883	12,741	13,586	13,482
Operating expenses.....	do.	6,067	6,377	6,729	7,001
Net farm income.....	do.	6,816	6,364	6,857	6,481
INDEX NUMBERS (1957-59=100):					
Net farm income.....	---	168	157	171	161
Net farm production.....	---	126	132	127	134
Operating expense per unit of production.....	---	97	97	97	96
Production per unit of input.....	---	113	116	112	117
Prices received for products sold.....	---	113	105	112	105
Prices paid, including wages to hired labor.....	---	106	108	106	108

1/ Preliminary.

Note: Information presented here is on an owner-operator basis primarily for comparability between types of farms. Net farm income is the return to operator and unpaid members of the family for their labor and management on the farm and return to total capital. No allowance has been made for payment of rent, interest, or mortgage.

at 1,970 pounds per acre was at an all-time high. And acreage allotments were increased 4.3 percent from the 1961 base acreage. However, the resulting increase from 1961 of 913 pounds of tobacco per farm was insufficient to offset the lower price. In 1962, the overall price support for flue-cured tobacco was a little higher than in 1961 but the quality of the tobacco was lower than that of the previous year. Approximately 16.4 percent of the 1962 crop from this area went into Stabilization Corporation stocks under the price support program compared with 6.6 percent in 1961.

Cash receipts from other crop and livestock sales in 1962 for the farms studied were higher than in 1961 (table 4). Production of corn per farm was greater than in 1961 despite a smaller harvested acreage. Corn yields averaged 60 bushels per acre in 1962, a record high. Average prices received for corn, soybeans, cattle, and calves were higher than in the previous year. However, the overall index of prices received for products sold declined in 1962 because of lower prices received for tobacco and hogs.

Operating expenses for these farms were higher in 1962 compared with 1961 because of greater use of production inputs and higher prices paid (table 5). The larger acreage and higher yield of tobacco called for more inputs of labor, fertilizer, machinery, insecticides, and fuel for curing. Hired labor was the major cost item showing a price increase from 1961. The index of prices paid for goods and services used in production (1957-59 = 100) averaged 106 in 1961 compared with 108 in 1962.

Although operating expenses increased, these farmers continued

to make gains in efficiency in 1962. Production per unit of input (production and cost at constant prices) was at an all-time high, 116 percent of 1957-59. Operating expenses per unit of production remained the same as in 1961 despite higher prices paid.

Tobacco-cotton farms

Net farm income for 1962 is estimated at \$6,481 for typical tobacco-cotton farms in the Coastal Plain of North Carolina. Net farm income was less than in 1961, as was the case on the tobacco farms, because of higher operating expenses and a decrease in the average price received for tobacco.

Cash receipts from the sale of tobacco in 1962 at \$9,801 were \$398 below 1961. Cotton production per farm was only a little larger than in 1961 and receipts from cotton lint and seed were up only \$44. Sales of corn and soybeans exceeded those of 1961 by \$122 and \$58, respectively. Corn acreage per farm was less than in 1961 but a record high yield per acre resulted in greater per farm production in 1962. Soybean acreage per farm and yield per acre both showed increases from 1961. Average prices received for corn, soybeans, cattle, and calves were higher than in 1961, and tobacco and hog prices were down. The overall index (1957-59 = 100) of prices received for products sold on tobacco-cotton farms decreased from 112 in 1961 to 105 in 1962.

Operating expenses in 1962 exceeded expenses a year earlier by 4 percent. Larger acreages of tobacco, cotton, and soybeans required more inputs and average prices paid for goods and services used in production were higher than in 1961. Hired labor was the major

Table 4.- Gross farm income, tobacco farms, Coastal Plain,
North Carolina, 1961 and 1962

Item	Tobacco farms		Tobacco-cotton farms	
	1961	1962 <u>1/</u>	1961	1962 <u>1/</u>
	Dollars	Dollars	Dollars	Dollars
Total cash receipts.....	12,310	12,210	13,120	12,902
Tobacco.....	10,323	10,031	10,199	9,801
Cotton, lint and seed.....	---	---	902	946
Corn.....	648	700	678	800
Soybeans.....	208	232	269	327
Other crops.....	425	438	458	366
Livestock and livestock products.....	497	537	409	423
Other, including Government payments.....	209	272	205	239
Value of perquisites.....	551	572	570	595
Change in inventory, crops and live- stock.....	22	-41	-104	-15
Gross farm income.....	12,883	12,741	13,586	13,482

1/ Preliminary.

Table 5.- Operating expenses, tobacco farms, Coastal Plain,
North Carolina, 1961 and 1962

Item	Tobacco farms		Tobacco-cotton farms	
	1961	1962 <u>1/</u>	1961	1962 <u>1/</u>
	Dollars	Dollars	Dollars	Dollars
Total cash expenditures.....	6,078	6,330	6,772	6,958
Crop expense.....	1,661	1,700	1,781	1,815
Feed and other livestock expense.....	107	115	97	99
Machinery.....	1,664	1,618	1,829	1,718
Hired labor.....	2,191	2,402	2,569	2,795
Farm buildings and fences.....	240	262	261	284
Taxes.....	159	166	170	179
Other.....	56	67	65	68
Change in inventory, machinery and buildings.....	-11	47	-43	43
Total operating expenses.....	6,067	6,377	6,729	7,001

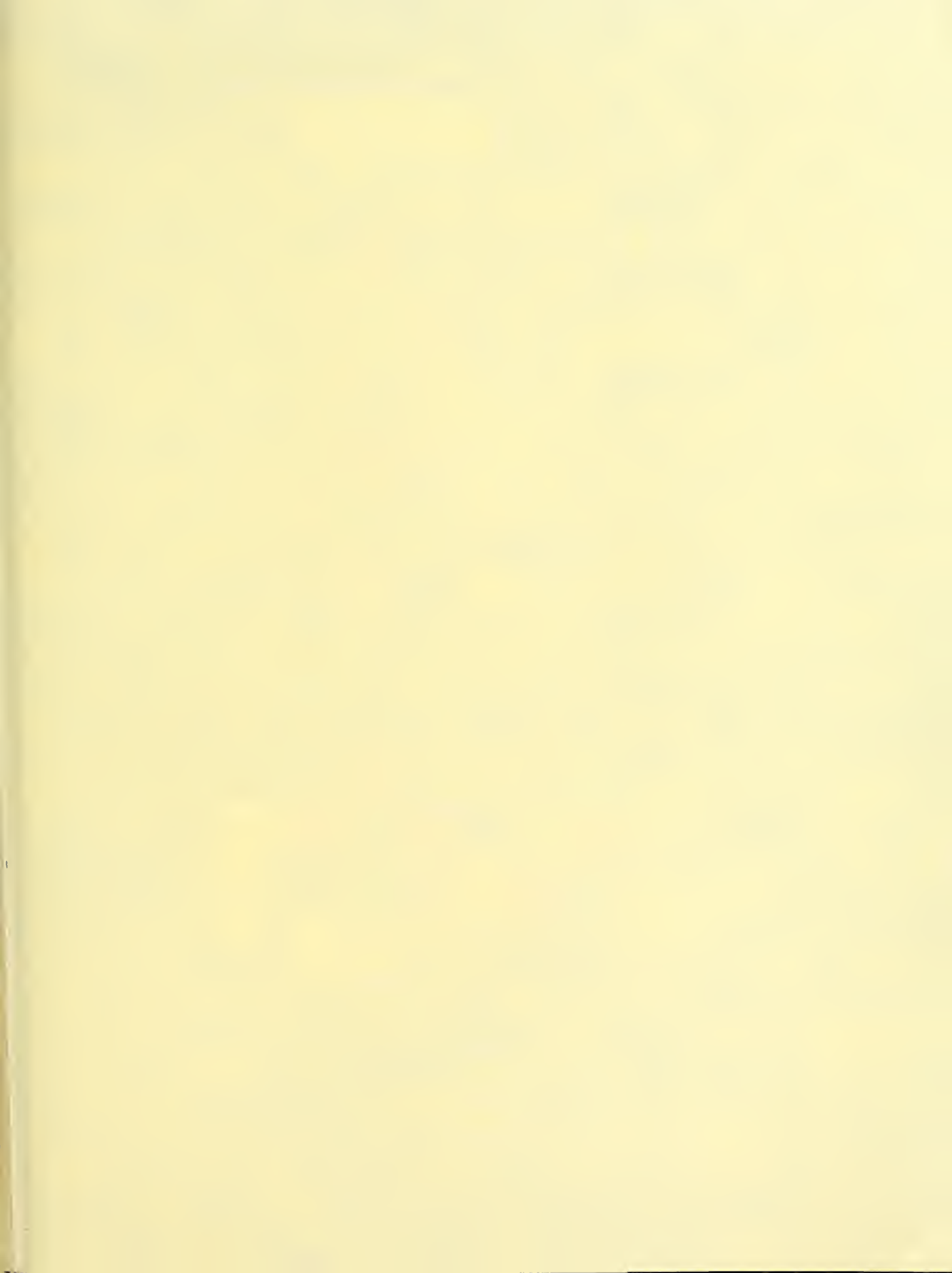
1/ Preliminary.

item showing an increase in prices paid. The overall index of prices paid was 108 in 1962 compared with 106 in 1961.

Hired labor on tobacco-cotton farms was the most important expenditure. In 1962 expense for hired labor averaged \$2,795, an increase of \$226 from 1961. High labor requirements of both tobacco and cotton make the availability of labor during peak seasons highly crucial for these farmers. Nearly all of the cotton on these farms is harvested by hand because machine harvesting is impractical on such small acreages. Cotton picking and

the grading and tying of tobacco compete for the labor force in the late fall. On farms growing both tobacco and cotton, the tobacco crop generally takes precedence. Thus, cotton is harvested after the tobacco is ready for market.

Tobacco-cotton farmers also showed gains in production efficiency in 1962. Production per unit of input in 1962 (production and costs at constant prices) was 117 percent of 1957-59 compared with 112 percent in 1961 and operating cost per unit of production decreased to 96 percent of 1957-59.



UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON 25, D. C.

Official Business

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE